

TOWN OF EMPIRE CITY

June 30, 2014

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Empire City
Empire City, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Stephens County Clerk
Duncan, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Empire City, Empire City, Oklahoma as of June 30, 2014 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Street & Alley Fund-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2014. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and the requirements of Oklahoma Statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2014. Management of the Town of Empire City is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Empire City** as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Condition: The Town's General Fund was overspent by the following:

- Capital Outlay exceeded appropriations by \$6,341,
- The General Fund total budget was overspent \$2,303.

Cause: The Town failed to notice this fund and its individual budget categories were overspent and submit a budget supplement to correct the error.

Criteria: Per state statutes the Town is not allowed to spend more than its appropriations. Amendments to their appropriations must be filed when the Town knows it will be exceed its beginning budget amounts.

Recommendation: The Town should be comparing the actual expenditures and encumbrances reported to the authorized appropriations and making adjustments to its budget during the year to ensure there is no overspending. .

Management's Corrective Action Plan: The Town will monitor its budget more closely and file amendments during the year as needed.

3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No exceptions were found as a result of applying the procedure.

5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Condition: The Town failed to transfer the Gas Excise Tax deposited into the General Fund to the Street and Alley Fund from prior and current years. Total of the required transfers is \$3,398.

Cause: The Town had changes in personnel and the new bookkeeper was unaware of the restriction on Gas Excise Tax.

Criteria: Gas Excise Tax is a restricted revenue that may only be used on Street & Alley Expenses. The Town tracks Street and Alley revenue and expenses in a separate fund and therefore this revenue should be transferred from General Fund to Street & Alley.

Recommendation: The Town needs to correct the shortage in the Street & Alley Fund by transferring \$3,398 from General Fund. It can also prevent any further issues by changing the direct deposit of this revenue to the Street & Alley Fund directly.

Management's Corrective Action Plan: The Town is working on changing the direct deposit of the Gas Excise Tax to the correct fund and has transferred the restricted revenue to the correct fund.

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

7. **Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

As to the **Town of Empire City Grant Programs**, as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

Angel, Johnston + Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.
October 16, 2014

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2014
 (Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
TOWN:				
General Fund	\$ 16,002	\$ 54,858	\$ 57,776	\$ 13,083
Street and Alley Fund	76,514	10,546	0	87,060
Town Total	<u>\$ 92,516</u>	<u>\$ 65,404</u>	<u>\$ 57,776</u>	<u>\$ 100,144</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal year ended June 30, 2014
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 16,002	\$ 16,002	\$ 16,002	\$ -
Charges for Services:				
Fire subscription fees	7,036	7,036	18,740	11,704
Total Charges for Services	<u>7,036</u>	<u>7,036</u>	<u>18,740</u>	<u>11,704</u>
Intergovernmental-Local:				
Special county tax	-	-	-	-
Total Intergovernmental-Local	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental-State:				
Alcohol beverage tax	3,901	3,901	4,351	451
State grants	5,900	5,900	9,925	4,025
Total Intergovernmental-State	<u>9,801</u>	<u>9,801</u>	<u>14,276</u>	<u>4,475</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	119	119	110	(9)
Rentals	1,102	1,102	1,375	273
Sale of property	-	-	3,200	3,200
Reimbursements	-	-	4,735	4,735
Donations	21,414	21,414	12,421	(8,992)
Miscellaneous	-	-	-	-
Total Miscellaneous Revenue	<u>22,635</u>	<u>22,635</u>	<u>21,842</u>	<u>(793)</u>
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	<u>55,473</u>	<u>55,473</u>	<u>70,859</u>	<u>15,386</u>
Charges to Appropriations:				
Personal Services	5,000	5,000	4,415	585
Maintenance & Operations	40,473	40,473	37,020	3,453
Capital Outlay	10,000	10,000	16,341	(6,341)
Debt Service	-	-	-	-
Total Other	<u>55,473</u>	<u>55,473</u>	<u>57,776</u>	<u>(2,303)</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>55,473</u>	<u>55,473</u>	<u>57,776</u>	<u>(2,303)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,083</u>	<u>\$ 13,083</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
STREET & ALLEY FUND
For the Fiscal year ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 76,514	\$ 76,514	\$ 76,514	\$ -
Revenues	-	-	10,546	10,546
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	76,514	76,514	87,060	10,546
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	10,000	10,000	-	10,000
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Unallocated Fund Balance	66,514	66,514	-	-
Total Other	76,514	76,514	-	10,000
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	76,514	76,514	-	76,514
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 87,060	\$ 87,060

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2014
 (Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Fire Operations Grant	\$ 4,474	\$ -	\$ -	\$ -	\$ 4,474	\$ 4,474	\$ -
80/20 Grant	9,600	-	-	-	-	9,600	(9,600)
ASCOG - REAP-Empire-102264	45,000	40,140	40,140	-	1,951	1,951	-
Cotton Electric Grant	3,500	-	-	-	3,500	3,500	-
Town Total	<u>\$ 62,574</u>	<u>\$ 40,140</u>	<u>\$ 40,140</u>	<u>\$ -</u>	<u>\$ 9,925</u>	<u>\$ 19,525</u>	<u>\$ (9,600)</u>